GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:541
ANSWERED ON:21.11.2002
ISSUE OF BONDS TO OIL COMPANIES
SRIPRAKASH JAISWAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government are contemplating to issue bonds to the Indian Oil Companies as compensation for the loss that they incurred for holding the price line of diesel and petrol;

(b) if so, the circumstances under which the Government contemplating such a decision;

(c) whether the Government propose to have any direct/indirect control over the increasing prices of petrol and diesel;

(d) if so, the details thereof; and

(e) the reasons of giving undue favours to national oil companies at the cost of common citizen?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS. (SHRI SANTOSH KUMAR GANGWAR)

(a) to (e): With the dismantling of Administered Pricing Mechanism (APM) in the petroleum sector effective 1stApril 2002, the pricing of petrol and diesel has been decontrolled. The oil companies are now fixing the selling prices of these products after taking into account the international oil prices. However, with a view to facilitate a smooth transition from the APM regime to a free market scenario, the public sector oil companies did not increase the selling prices of petrol and diesel during the months of April and May 2002 despite an increase in the international oil prices. The methodology for compensating the oil companies due to the under recoveries suffered by then on this account has not been finalized till yet.